

**City Council Action
Financial Impact Report**

Title of Item: Ordinance amending the Oklahoma City Hotel Tax ordinance, which is codified as Article III of Chapter 52 of the Oklahoma City Municipal Code, 2020; enacting new Sections 52-63.2 and 52-81.2 of said Article III, Chapter 52, to levy an additional excise tax of three and three-fourths percent (3.75%) upon the gross proceeds or gross receipts from all rent for every occupancy of a hotel room or rooms in this city (the Hotel Tax) and to specify that said additional hotel tax levied shall be set aside and used exclusively for the purpose of encouraging, promoting and/or fostering the convention and/or tourism (visitor) development of the city, by the following expenditures: 75.0% of the tax revenues shall be expended for any projects, items, costs and/or expenses that encourage, promote and/or foster the convention and/or tourism (visitor) development of the city, and 13.3% of the tax revenues shall be expended for the sponsorship and/or promotion of events recommended by the Oklahoma City Convention and Visitors Commission and anticipated to enhance the local economy through increased convention and/or tourism (visitor) activity in the city, and 6.7% of the tax revenues shall be expended for improvements to the Oklahoma City Fairgrounds, not including operational costs, and 5% of the tax revenues shall be expended for improvements to the Oklahoma City Convention Center, not including operational costs; setting forth a proviso to allow certain expenditures to defray any or all reasonable and necessary expenses and costs of the city or its agent(s) or contractor(s) in collecting, enforcing, and/or administering the additional tax and expenditures; providing for codification; providing an effective date for Sections 1 and 2 of this ordinance which effective date shall be 12:00 a.m. on October 1, 2024; and providing that this ordinance is operative only if approved by city voters prior to said time.

Originating Department: City Managers Office

Description of Impact: Proposed increase in the hotel tax levy from 5.5% to 9.25%.

Summary of Impact:

Oklahoma City's hotel tax levy has been at the 5.5% rate since 2004 and currently generates approximately \$18.8 million annually. Approximately \$11.6 million in additional proceeds may be generated for dedicated tourism/visitor programs with an increased levy of 3.75%. The new rate will be 9.25%. Business travelers, and residents, from Oklahoma City pay higher lodging taxes when visiting most other cities.

75.0% Visit OKC- \$8,700,000
13.3% Event Sponsorship- \$1,542,800
6.7% Fairgrounds- \$777,200
5.0% OKC Convention Center- \$580,000

a. Cost to City Organization: Unlike sales tax, Oklahoma City administers and enforces the hotel tax. Minimal, if any, additional administrative costs are likely to be incurred by the City as a result of an increased levy.

b. Cost to Residents: Residents will pay an additional \$3.45 in hotel tax based on the latest reported average per day room rental of \$92.01.

c. Cost to Business Community: Representatives of the local hotel industry advise that studies indicate out of town business and leisure visitors comprise approximately 85% of room rentals. Of the remaining 15%, industry officials believe Oklahoma City residents comprise a small portion of in-town customers while businesses make up the majority.

d. Revenue Produced: \$11.6 million additional annually.

Source of Funds: N/A

Fund Name: 1001

Agency Name:

Department Head Signature:



OMB Review Completed by:

